Transwaste Canterbury Limited

Annual Report

For the year ended 30 June 2019

The Board of Directors is pleased to present the Annual Report of Transwaste Canterbury Limited for the year ended 30 June 2019

For and on behalf of the board

W G Cox
Chairman

R B McKenzie
Director

27 September 2019

Contents

Directory

Company Number	951024
Registered Office and Address for Service	PricewaterhouseCoopers Level 4, 60 Cashel Street Christchurch 8013
Directors	Mr W G Cox (Chairperson) Mr R W Davison Mr G W J Livingstone Mr G S James Mr I G Kennedy Mr T J McIntyre Mr R B McKenzie Mr T H Nickels Mrs M E Cadman (alternate director) Mr H E G Maehl (alternate director)

Shareholders		**No of Shares (Ordinary)**
	Waste Management NZ Limited	10,000,000
	Christchurch City Council	7,780,000
	Waimakariri District Council	780,000
	Selwyn District Council	600,000
	Ashburton District Council	600,000
	Hurunui District Council	240,000
		20,000,000

Company Secretary	PricewaterhouseCoopers Level 4, 60 Cashel Street Christchurch 8013	
Auditors	Audit New Zealand on behalf of the Auditor-General	
Solicitors	Buddle Findlay 83 Victoria Street Christchurch 8013	Chapman Tripp Level 5, 60 Cashel Street Christchurch 8013
Bankers	Westpac Banking Corporation 83 Cashel Street Christchurch 8011	

Directors' Report to the Shareholders
For the year ended 30 June 2019

Your directors take pleasure in presenting their Annual Report including the financial statements of the group for the year ended 30 June 2019.

Principal Activities

The company was incorporated on 31 March 1999 with the principal purposes of selecting, consenting, developing, owning and operating a non-hazardous regional landfill in Canterbury.

The company has two 100% owned subsidiaries:

Tiromoana Station Limited owns the property within which the landfill site is located. Its principal purposes include holding land for landfill activities, forestry and conservation activities.

Burwood Resource Recovery Park Limited (BRRP) is a company set up to operate a Christchurch Earthquake demolition waste material management and recovery facility and to operate a landfill for disposal of residual demolition waste.

State of Affairs

The nature of the group's business activities remained unchanged during the accounting period.

In relation to the subsidiary, Burwood Resource Recovery Park Limited, in December 2018 the company advised customers and stakeholders of its intention to stop receiving earthquake waste in December 2019 and complete work to close the facility during the 2020/21 financial year.

The BRRP financial statements continue to be prepared on a going concern basis as, whilst it is intended that it will cease the receipt of earthquake waste during the coming year, the subsidiary will continue with the progressive closure, capping and landscaping of the landfill cells through to the 2021 year, at which point the site will be handed back to Christchurch City Council.

Burwood Resource Recovery Park Limited has sufficient cash resources to meet any known or potential future costs.

The results of operations during the period, financial position and state of affairs of the group are as detailed in the accompanying financial statements.

Directors' Remuneration

	Directors Fees $	Other Remuneration $
Mr W G Cox	73,440	-
Mr R W Davison	36,720	-
Mr R B McKenzie	42,720*	-
Mr T H Nickels	36,720*	-
Mr G S James	39,720*	-
Mr I G Kennedy	36,720*	-
Mr T J McIntyre	36,720	-
Mr G W J Livingstone	36,720	-
Mrs M E Cadman (alternate)	-	-
Mr H E G Maehl (alternate)	-	-

* The directors fees for these directors are paid to the companies they represent.

Directors' Report to the Shareholders
For the year ended 30 June 2019

All directors' fees are in respect of the parent company. Board members who are appointed by the parent to represent it on the board of a subsidiary do not receive additional directors' fees. The boards of the subsidiaries, Tiromoana Station Limited and BRRP, comprise all members of the Transwaste Board, except for the alternate directors, Mrs M E Cadman and Mr H E G Maehl.

No other remuneration or benefits have been paid to directors. The fees and remuneration have been entered in the interests register.

Directors' Interests

The company is required to maintain an interests register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests register for the company is available for inspection by shareholders at the registered office.

The directors have disclosed an interest in the following entities pursuant to section 140 of the Companies Act 1993:

MR W G COX

	Position Held
Burwood Resource Recovery Park Limited	Director
Tiromoana Station Limited	Director
Elastomer Products Limited	Director
Independent Fisheries Limited	Director
Barlow Brothers NZ Limited	Director
Ngai Tahu Farming Limited (completed 30 June 2019)	Director
Anderson Lloyd	Board Member
MOTUS Health Limited	Director
Committee for Canterbury	Trustee
Project Crimson	Trustee

MR R W DAVISON

	Position Held
Burwood Resource Recovery Park Limited	Director
Tiromoana Station Limited	Director
Hurunui District Council	Councillor
Central Plains Water Trust	Trustee
Toraja Rural Development Charitable Trust	Trustee
Canterbury Regional Landfill Joint Committee	Committee Member

MR R B MCKENZIE

	Position Held
Burwood Resource Recovery Park Limited	Director
Tiromoana Station Limited	Director
Waste Management NZ Limited	Consultant
Waste Disposal Services	Executive Committee Member

Directors' Report to the Shareholders
For the year ended 30 June 2019

MR T H NICKELS

	Position Held
Burwood Resource Recovery Park Limited	Director
Tiromoana Station Limited	Director
Beijing Capital Group NZ Investment Holding Limited	Director
Waste Management NZ Limited, plus various wholly owned subsidiaries	Director
Waste Management NZ Limited	Employee
Waste Disposal Services	Executive Committee Member (alternate)
Midwest Disposals Limited	Director

MR G S JAMES

	Position Held
Burwood Resource Recovery Park Limited	Director
Tiromoana Station Limited	Director
Canterbury Material Recovery Facilities Limited	Director
National Waste Advisory Board (finished 23 July 2018)	Chair
Waste Management NZ Limited	Employee

MR I G KENNEDY

	Position Held
Burwood Resource Recovery Park Limited	Director
Tiromoana Station Limited	Director
Waste Management NZ Limited	Employee

MR T J MCINTYRE

	Position Held
Burwood Resource Recovery Park Limited	Director
Tiromoana Station Limited	Director
Committee for Canterbury	Trustee
Ministry of Education	Contractor
Wayne Francis Community Trust	Trustee
Primary Industry Training Organisation	Director

MR G W J LIVINGSTONE

	Position Held
Burwood Resource Recovery Park Limited	Director
Tiromoana Station Limited	Director
Nga Maata Waka Enterprises Limited	Director
Christchurch City Council	Councillor
Canterbury Regional Landfill Joint Committee	Chair
Coastal Burwood Community Board	Board Member

MRS M E CADMAN (Alternate Director)

Waste Management NZ Limited	Employee

MR H E G MAEHL (Alternate Director)

Waste Management NZ Limited, plus various wholly owned subsidiaries	Director
Waste Management NZ Limited	Employee
Midwest Disposals Limited	Director

Directors' Report to the Shareholders
For the year ended 30 June 2019

All transactions the group has entered into with parties in which directors hold directorships have been entered into in the ordinary course of business.

Directors' Remuneration and Other Benefits
Details of the directors' remuneration are provided above.

Information used by Directors
No member of the board of Transwaste Canterbury Limited issued a notice requesting to use company information received in their capacity as directors which would not otherwise have been available to them.

Indemnification and Insurance of Officers and Directors
The group indemnifies all directors named in this report against all liabilities (other than to the company) that arise out of the performance of their normal duties as director, unless the liability relates to conduct involving lack of good faith. To manage this risk, the company has indemnity insurance. The annual cost of this insurance is $27,815 (2018: $23,275).

Dividend

The general policy for the company is to declare dividends calculated at 100% of the parent company net profit after tax after allowing for working capital requirements, as set out in the company's Statement of Intent. Dividends of $16,400,000 were paid during the year, including an interim project dividend of $5,000,000 relating to the Burwood Recovery Park project.

A final dividend in relation to the 2019 year of $6,700,000, which was declared after balance date, is disclosed in note 7.

Donations

The parent company made donations of $85,890 to the Kate Valley Landfill Community Trust (2018: $89,500) during the year.

Auditor's Remuneration

The auditor of the group is Audit New Zealand, acting on behalf of the Auditor-General.

The annual remuneration for auditing services for the group provided by Audit New Zealand was $67,215 (2018: $66,498). No other services were provided by the auditor.

Directors' Responsibility Statement
For the year ended 30 June 2019

The directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the company and the group as at 30 June 2019 and their financial performance and cash flows for the year ended on that date.

The directors consider that the financial statements of the company and the group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Companies Act 1993.

The directors consider they have taken adequate steps to safeguard the assets of the company and the group and to prevent and detect fraud and other irregularities.

The directors have pleasure in presenting the statement of objectives and performance, and the financial statements, set out on pages 9 to 61 of Transwaste Canterbury Limited and the group for the year ended 30 June 2019.

The board of directors of Transwaste Canterbury Limited authorised these financial statements for issue on 27 September 2019.

For and on behalf of the board

W G Cox
Chairman

R B McKenzie
Director

27 September 2019

Statement of Objectives and Performance
For the year ended 30 June 2019

Targets were set under the Statement of Intent for the three years ending 30 June 2021. A comparison of achievement against those targets is as follows:

Objective
Shareholder Interests: To operate a successful business, providing a fair rate of return to its shareholders.

Desired Outcomes		Performance Measures and Target	Achievement
(a)	To effectively operate the consented regional landfill at Kate Valley to achieve specific commercial performance targets.	Total Revenue (inclusive of waste levy) of $43,340,000	$45,570,000. Overall tonnes of waste to landfill was 3.4% above budget, due to higher than expected levels of special and high density demolition related waste to landfill, but with general waste revenues 2.3% below budget.
		EBIT of $15,396,000	$1,955,000 above budget at $17,351,000 (before a $5,000,000 dividend received from its subsidiary, BRRP), as a result of the increased tonnes of waste to landfill compared to budget.
		Dividends of $11,000,000	Dividends totalling $11,400,000 relating to the Kate Valley landfill were paid during the year, plus an interim project dividend relating to BRRP activities of $5,000,000.
(b)	To effectively operate the consented Burwood Resource Recovery Park (BRRP), established to manage the receipt and resource recovery processing of mixed demolition material from Christchurch's earthquakes, to achieve specific commercial performance targets.	Total BRRP Revenue of $1,512,000	$2,843,000 achieved. The tonnage of earthquake waste received decreased at a slower rate than expected, resulting in waste levels received being 82% higher than budget.
		BRRP EBIT of $262,000 (loss)	EBIT $1,090,000, through higher than budgeted earthquake waste received and a gain on sale of $691,000 on BRRP plant.

Statement of Objectives and Performance (Continued)

For the year ended 30 June 2019

Objective

Healthy Environment: To ensure that the Transwaste Canterbury Group, as a minimum, meets present and future environmental standards in a manner which is consistent with the preservation of the natural environment and the careful and sustainable management of natural resources.

Desired Outcomes		Performance Measures and Target	Achievement
(a)	No proven breaches of Resource Management Act consents.	Nil established consent breaches.	The company considers that there are no breaches, based on there being no notifications received from Environment Canterbury
(b)	Review and update the strategic plan for Tiromoana Bush.	Strategic plan reviewed, updated with Board signoff and actioned.	Achieved. The 5 year plan to 2022 has been adopted by the Board.
(c)	Kate Valley gas capture & destruction.	Greater than 90% landfill gas captured, calculated in accordance with the regulations to the Climate Change Response Act 2002.	Achieved for the reporting year ended 31 December 2018, ETS declaration has been submitted and confirmed by the registrar.

Objective

Legislative Compliance: To be a good Corporate Citizen by acting lawfully

Desired Outcomes		Performance Measures and Target	Achievement
(a)	To ensure compliance with all relevant legislation and statutory requirements.	Annual reporting to Board on areas of compliance and non-compliance.	Achieved. Monthly reporting is undertaken. Compliance reporting up to date at Kate Valley. No non-compliances noted.
		Nil known legislative and regulatory non-compliance.	Achieved. No notices of non-compliance received.

Statement of Objectives and Performance (Continued)

For the year ended 30 June 2019

Objective

Corporate Citizenship: To be a responsible Corporate Citizen by acting fairly and honestly and to be sensitive to local issues.

Desired Outcomes		Performance Measures and Target	Achievement
(a)	Finance the Kate Valley landfill trust fund (from the Disposal Charge) for the purpose of benefiting the local community immediately affected by the landfill operation.	Annual payment to Kate Valley Landfill Community Trust, to be determined on an annual basis.	Achieved. The company has made contributions to the trust for the 2018/19 year totalling $85,890.
(b)	Develop and maintain education material with regard to waste management and the environment.	Modules used in the National curriculum by schools.	Achieved.
(c)	Plan for sites aftercare and closure – financially and revenue streams.	Adequate provisioning, which stands up to audit scrutiny, in financial statements for aftercare and closure costs.	Achieved. Methodologies are in compliance with the applicable reporting standards.

Statement of Objectives and Performance (Continued)

For the year ended 30 June 2019

Objective

Service Quality: Meet the present and future needs of the people of Canterbury with high standards of value, quality and service and establish effective relations with customers.

Desired Outcomes	Performance Measures and Target	Achievement
(a) Timely, high quality and reliable waste transport services.	No transfer station is unable to receive waste during its normal operating hours due to Transwaste's failure to supply containers.	Achieved.
(b) Reliability of access to the Kate Valley landfill.	Landfill is available to waste transporters for more than 99% of normal annual transport access hours.	Achieved. No disruption of waste transport services occurred, despite the landfill being closed due to high wind on 7 days for 31 hours in total.
(c) Reliability of access to the BRRP facilities.	BRRP is available to demolition contract transporters for more than 99% of normal annual transport access hours.	Achieved. No disruptions to BRRP access during operational hours.

Statement of Objectives and Performance (Continued)
For the year ended 30 June 2019

Objective

Good Employer: Be a Good Employer, through either direct employment or by way of management contracts with the Waste Management NZ Ltd divisions, Canterbury Waste Services (CWS – Kate Valley operations) and Canterbury Materials Recovery Facilities (CMRF – BRRP operations).

Desired Outcomes		Performance Measures and Target	Achievement
(a)	Ensure CWS/CMRF have objectives and policies that detail the relationship with employees, their remuneration, safety and other issues such as equal opportunity in employment.	No more than 15% annually of combined CWS and CMRF landfill and transport staff annual FTE turnover.	Achieved. Turnover of permanent employees at Kate Valley was 2 at landfill and 1 in transport out of 46 FTEs, resulting in 6.5% annual turnover. Turnover of permanent employees of CMRF staff (excluding disestablishment relating to planned closure) was 0 out of 6 FTEs resulting in 0% annual turnover.
(b)	Ensuring that its employees have secure and rewarding employment which provides the means for personal development.	10 hours per FTE annually for CWS and CMRF staff training.	Achieved. Kate Valley staff have undertaken 12 hours per FTE. CMRF staff have undertaken 11 hours per FTE.

Statement of Objectives and Performance (Continued)

For the year ended 30 June 2019

Objective

Consultation and Community Relations: Establish and maintain good relations with the local host community of the Kate Valley landfill and Burwood areas and consult with those groups and other interest groups (including Tangata Whenua) on issues that are likely to affect them.

Desired Outcomes		Performance Measures and Target	Achievement
(a)	Consult with the host community concerning landfill operations by way of direct communication and via the Community Liaison Group.	At least two Kate Valley Community Liaison group meetings held per year.	Achieved. Four Community Liaison Group meetings held in period.
		At least two BRRP Community Liaison group meetings held per year.	Community Liaison Group requested only one meeting in period.
(b)	Consult with interest groups including Tangata Whenua on an as-required basis and discuss all issues likely to affect them.	Three meetings with interest groups per year.	Achieved. Three meetings with Kate Valley neighbours and community. For BRRP, no further meetings held or requested.

Objective

Health and Safety: Strive for zero injury accidents in all operations the Company and its main contractors, CWS and CMRF, will be responsible for, whilst maintaining a high level of service and production.

Desired Outcomes		Performance Measures and Target	Achievement
(a)	Ensuring that in all activities the Company and its contractors have Health and Safety Management Plans in place.	Maintain or improve current total recordable injury frequency rate (TRIFR) for the last 12 months, which for 2018 was zero.	Not achieved – one LTI at Kate Valley resulting in TRIFR going from zero to 9.3; for BRRP actual TRIFR for the period ended June 2019 is zero.
(b)	Maintain Kate Valley public walkways to an acceptable standard, (track maintenance, signage).	Annual operational plans objectives met, with no serious avoidable injuries.	Achieved. Good patronage on both walkways, particularly Tiromoana Bush.
(c)	No traffic incidents where CWS drivers at fault.	No at-fault incidents.	Achieved. There were no recorded traffic incidents where CWS drivers were found to be at fault.

Statements of Comprehensive Income
For the year ended 30 June 2019

	Notes	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Revenue					
Sales excluding waste levy		45,207	46,010	42,364	42,511
Waste levy		3,206	3,343	3,206	3,343
Sales including waste levy	3	48,413	49,353	45,570	45,854
Rental		60	56	-	-
Other revenue		4	-	-	-
Interest		378	522	1	-
Dividends		-	-	5,000	5,000
Changes in fair value of forestry	10	451	265	-	-
Gain on sales of property, plant and equipment		691	-	-	-
Total revenue		**49,997**	**50,196**	**50,571**	**50,854**
Expenses					
Audit fees	4	67	66	39	38
Depreciation and amortisation	4,8	6,487	5,950	5,485	5,401
Impairment of receivables	4	5	6	-	-
Employee benefits costs	4	339	333	339	333
Landfill and facilities operating expenses		18,971	19,077	17,766	17,596
Loss on sale of property, plant and equipment		14	26	14	26
Subvention		-	-	-	60
Waste levy	3	3,206	3,343	3,206	3,343
Other expenses		1,629	2,036	1,370	1,604
Total expenses		**30,718**	**30,837**	**28,219**	**28,401**
Profit before finance costs and tax		**19,279**	**19,359**	**22,352**	**22,453**
Finance costs	5	600	697	886	899
Profit before tax		**18,679**	**18,662**	**21,466**	**21,554**
Income tax expense	6	5,231	5,226	4,610	4,635
Profit for the year		**13,448**	**13,436**	**16,856**	**16,919**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**13,448**	**13,436**	**16,856**	**16,919**

The accompanying notes form part of these financial statements.

Statements of Changes in Equity
For the year ended 30 June 2019

	Notes	Contributed equity $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Group					
Balance 1 July 2017		16,000	625	40,829	57,454
Profit for the year		-	-	13,436	13,436
Other comprehensive income		-	-	-	-
Total comprehensive income for the year ended 30 June 2018		-	-	13,436	13,436
Dividends	7	-	-	(18,400)	(18,400)
Balance 30 June 2018		**16,000**	**625**	**35,865**	**52,490**
Balance 1 July 2018		16,000	625	35,865	52,490
Profit for the year		-	-	13,448	13,448
Other comprehensive income		-	-	-	-
Total comprehensive income for the year ended 30 June 2019		-	-	13,448	13,448
Dividends	7	-	-	(16,400)	(16,400)
Balance 30 June 2019		**16,000**	**625**	**32,913**	**49,538**
Parent					
Balance 1 July 2017		16,000	-	10,813	26,813
Profit for the year		-	-	16,919	16,919
Other comprehensive income		-	-	-	-
Total comprehensive income for the year ended 30 June 2018		-	-	16,919	16,919
Dividends	7	-	-	(18,400)	(18,400)
Balance 30 June 2018		**16,000**	**-**	**9,332**	**25,332**
Balance 1 July 2018		16,000	-	9,332	25,332
Profit for the year		-	-	16,856	16,856
Other comprehensive income		-	-	-	-
Total comprehensive income for the year ended 30 June 2019		-	-	16,856	16,856
Dividends	7	-	-	(16,400)	(16,400)
Balance 30 June 2019		**16,000**	**-**	**9,788**	**25,788**

Balance Sheets
As at 30 June 2019

		Group		Parent	
		2019	**2018**	**2019**	**2018**
	Notes	**$'000**	**$'000**	**$'000**	**$'000**
Assets					
Non-current assets					
Property, plant and equipment	8	63,629	56,749	59,633	52,615
Forestry	10	2,377	1,926	-	-
Emission Units	11	1,041	1,588	1,041	1,588
Total non-current assets		**67,047**	**60,263**	**60,674**	**54,203**
Current assets					
Cash and cash equivalents	13	4,593	7,373	233	406
Term deposits	13	12,000	13,000	-	-
Trade and other receivables	14	4,505	4,876	4,136	4,420
Loans to related parties	12	-	-	2,220	2,275
Assets held for sale	9	-	250	-	-
Total current assets		**21,098**	**25,499**	**6,589**	**7,101**
Total assets		**88,145**	**85,762**	**67,263**	**61,304**
Equity					
Contributed equity	15	16,000	16,000	16,000	16,000
Reserves	16	625	625	-	-
Retained earnings	17	32,913	35,865	9,788	9,332
Total equity		**49,538**	**52,490**	**25,788**	**25,332**
Liabilities					
Non-current liabilities					
Provisions	19	28,767	21,037	28,341	20,656
Deferred income tax liability	6	3,391	4,172	2,763	3,601
Total non-current liabilities		**32,158**	**25,209**	**31,104**	**24,257**
Current liabilities					
Trade and other payables	21	3,715	5,456	3,474	5,079
Interest-bearing loans and borrowings	18	-	-	5,200	4,400
Income tax payable	6	1,736	2,194	1,672	2,186
Provisions	19	973	363	-	-
Employee benefits	20	25	50	25	50
Total current liabilities		**6,449**	**8,063**	**10,371**	**11,715**
Total liabilities		**38,607**	**33,272**	**41,475**	**35,972**
Total equity and liabilities		**88,145**	**85,762**	**67,263**	**61,304**

For and on behalf of the board

W G Cox
Chairman 27 September 2019

R B McKenzie
Director 27 September 2019

Cash Flow Statements
For the year ended 30 June 2019

		Group		Parent	
	Notes	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**
Cash flows from operating activities					
Receipts from customers		48,788	49,416	45,855	45,702
Interest received		378	522	1	-
Dividends received		-	-	5,000	5,000
Other revenue		60	81	-	-
Payments to suppliers and employees		(24,762)	(24,383)	(22,857)	(21,750)
Interest paid		-	(62)	(298)	(311)
Income tax paid	6	(6,470)	(9,233)	(5,962)	(6,271)
Goods and services tax (net)		(15)	(160)	(38)	(186)
Net cash from operating activities	22	17,979	16,181	21,701	22,184
Cash flows from investing activities					
Purchase of property, plant & equipment		(6,329)	(2,606)	(6,329)	(2,581)
Sale of property, plant & equipment	9	970	-	-	-
Monies withdrawn from term deposits		1,000	1,000	-	-
(Purchase)/sale of emission units		-	(1,289)	-	(1,289)
Net cash from investing activities		(4,359)	(2,895)	(6,329)	(3,870)
Cash flows from financing activities					
Advances from/(to) subsidiaries		-	-	855	(1,742)
Dividends paid		(16,400)	(18,400)	(16,400)	(18,400)
Net cash from financing activities		(16,400)	(18,400)	(15,545)	(20,142)
Net increase/(decrease) in cash and cash equivalents		**(2,780)**	**(5,114)**	**(173)**	**(1,828)**
Cash and cash equivalents at the beginning of the year		7,373	12,487	406	2,234
Cash and cash equivalents at the end of the year	13	**4,593**	**7,373**	**233**	**406**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the year ended 30 June 2019

1. General Information

Reporting Entity

Transwaste Canterbury Limited is a company registered under the Companies Act 1993 and is a Council Controlled Trading Organisation as defined in Section 6 of the Local Government Act 2002.

The company represents a joint venture between Waste Management NZ Limited and five local authorities in Canterbury.

The group consists of Transwaste Canterbury Limited and its wholly owned subsidiaries, Tiromoana Station Limited and Burwood Resource Recovery Park Limited. All companies are incorporated and domiciled in New Zealand. The primary objective of the parent company is to own, operate and continue development of a non-hazardous landfill for the Canterbury region. The company owns the landfill and surrounding land via its subsidiary, Tiromoana Station Limited. Burwood Resource Recovery Park Limited operates a Christchurch Earthquake demolition waste material management and recovery facility and a landfill for disposal of residual demolition waste.

The financial statements of Transwaste Canterbury Limited and group are for the year ended 30 June 2019. The financial statements were authorised for issue by the Board on 27 September 2019.

The entity's owners do not have the power to amend these financial statements once issued.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the company and group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) for entities adopting the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to for-profit entities.

The group is designated as a for-profit entity for financial reporting purposes. The financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Local Government Act 2002.

For the purposes of complying with NZ GAAP, the group is required to apply Tier 1 For-profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards). In complying with NZ IFRS the group also complies with International Financial Reporting Standards.

Notes to the Financial Statements
For the year ended 30 June 2019

The financial statements have been prepared on a historical cost basis, except where modified by the revaluation of financial instruments (including derivative instruments) and forestry.

The financial statements are presented in New Zealand dollars (NZD) and all values are rounded to the nearest thousand dollars ($'000). The functional currency of Transwaste Canterbury Limited and its subsidiaries is New Zealand dollars.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards as set out below.

New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2018:

• NZ IFRS 9 *Financial Instruments*

• NZ IFRS 15 *Revenue from Contracts with Customers*

NZ IFRS 9 Financial Instruments replaces the provisions of NZ IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The group has adopted NZ IFRS 9 from 1 July 2018. The classification and measurement of financial assets are aligned with NZ IFRS 9 and there is no impact on the reported balances. There is no impact on the classification and measurement of financial assets and financial liabilities. The expected credit loss provision did not change from the provision for impairment of receivables as recognized under NZ IAS 39.

The group has adopted the requirements for NZ IFRS 15 from 1 July 2018. The standard introduces a revised model for the recognition of revenue, and a revised policy for revenue recognition has been adopted. There were no material changes in recognition or measurement required upon adoption, however there are expanded disclosure requirements and changes in presentation, including specific revenue streams and performance obligations. The updated disclosures are outlined in Note 3.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the group The group's assessment of the impact of these new standards and interpretations is set out below.

Notes to the Financial Statements
For the year ended 30 June 2019

Title of standard	**NZ IFRS 16 *Leases***
Nature of change	NZ IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group's operating lease commitments relate to short-term and low value leases which are exempted from the standard. A final assessment is yet to be completed, however it is anticipated that no right-of-use assets and lease liabilities will have to be recognised by the group on adoption of the new standard and there will be no effect on the group's profit or loss and classification of cash flows going forward.
Date of adoption by group	Mandatory for the financial year commencing 1 July 2019. The group does not intend to adopt the standard before its effective date. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

2.2 Subsidiaries

Transwaste Canterbury Limited consolidates, as subsidiaries in the group financial statements, all entities where Transwaste Canterbury Limited has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where Transwaste Canterbury Limited controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Transwaste Canterbury Limited or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The cost of a business combination is measured as the aggregate of:

- the consideration transferred, which is generally measured at acquisition date fair value;
- the amount of any non-controlling interest measured at either fair value or the non-controlling interest in the fair value of the net identifiable assets of the acquiree; and
- the acquisition date fair value of the previously held equity interest in the acquiree, if any.

Notes to the Financial Statements
For the year ended 30 June 2019

Any excess of the cost of the business combination over Transwaste Canterbury Limited's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If Transwaste Canterbury Limited's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the profit or loss.

2.3 Basis of consolidation

The consolidated financial statements are prepared adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

Transwaste Canterbury Limited's investments in its subsidiaries are carried at cost in the company's own "parent entity" financial statements.

2.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of Goods and Services Tax, rebates and discounts and after eliminating sales within the group. Revenue is recognised as follows:

a) *Sales of goods*

Sales of goods are recognised at a point in time when a group entity has delivered products to the customer and the customer has accepted the products, fulfilling the group's performance obligations.

b) *Sales of services*

Sales of services are recognised at a point in time in the accounting period in which the services are rendered, by reference to completion of the specific transaction.

c) *Government grants*

Government grants relating to the purchase of plant and equipment are recorded as a reduction in the cost of the plant and equipment.

d) *Interest income*

Interest income is recognised on an accrual basis using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow

Notes to the Financial Statements
For the year ended 30 June 2019

discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

e) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

2.5 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, other than borrowing costs directly attributable to the construction of any qualifying assets, including the initial construction of the landfill, which are capitalised as part of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time (typically a minimum of twelve months) to get ready for its intended use or sale.

2.6 Income tax

Income tax expense in relation to the profit or loss for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Notes to the Financial Statements
For the year ended 30 June 2019

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

The subvention payments made are treated as an operating expense in the profit or loss.

2.7 Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the company recognises finance leases as assets and liabilities in the balance sheet at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the company will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

2.8 Cash, cash equivalents and bank overdrafts

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet where the bank has no right of setoff.

Notes to the Financial Statements

For the year ended 30 June 2019

2.9 Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit and loss component of the statement of comprehensive income.

The group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses trade receivables have been grouped based on shared credit risk characteristics and days past due.

2.10 Financial assets

Classification

The group classifies its financial assets as being measured at amortised cost.

Financial assets measured at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's financial assets measured at amortised cost comprise ‘trade and other receivables’, 'cash and cash equivalents', ‘term deposits’ and 'owing from related party' in the balance sheet.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on trade date - the date on which the group commits to purchase or sell the asset. All financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. The financial assets are subsequently carried at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Notes to the Financial Statements
For the year ended 30 June 2019

Impairment of financial assets

Assets carried at amortised cost

The group assesses at the end of each reporting period the estimated 12-month expected loss allowance for credit losses.

Credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract; and the cash flows that the entity expects to receive.

The group will measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If the asset's carrying amount is reduced, the amount of the loss is recognised in the profit and loss component of the statement of comprehensive income.

If, in a subsequent period, the amount of the expected credit loss decreases and the decrease can be related objectively to an event occurring after the loss was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised loss is recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

2.11 Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the profit or loss.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Notes to the Financial Statements

For the year ended 30 June 2019

2.12 Property, plant and equipment

Property, plant and equipment is shown at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable the future economic benefits or service potential associated with the item will flow to Transwaste Canterbury Limited and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the profit or loss.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Transwaste Canterbury Limited and the cost of the item can be measured reliably.

Borrowing costs incurred for the construction of any qualifying assets, including the initial construction of the landfill, are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time (typically a minimum of twelve months) to get ready for its intended use or sale.

Notes to the Financial Statements
For the year ended 30 June 2019

2.13 Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, landfill development costs and future landfill site restoration and aftercare costs, at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

	Life
Landfill development	Lesser of length of resource consent and expected physical life
Deferred site restoration and aftercare costs	Pattern of benefits from the landfill
Buildings and site improvements	15 – 25 years, or length of resource consent if shorter
Plant and machinery	5 – 15 years, or length of resource consent if shorter
Motor vehicles and related equipment	3 – 15 years
Office equipment, furniture and fittings	3 – 5 years

Assets under construction are not depreciated until commissioned.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

The depreciation of the total landfill development costs is based upon the total anticipated waste volume of the landfill over its economic life (being the lesser of the length of resource consent and the physical capacity of the landfill). The annual depreciation amount is calculated based on the waste volumes consumed for the financial year as compared to the anticipated waste volume over the economic life of the landfill.

Future landfill site restoration and aftercare costs capitalised in the balance sheet are depreciated at rates that match the pattern of benefits expected to be derived from the landfill, including power generation using landfill gas.

Notes to the Financial Statements

For the year ended 30 June 2019

2.14 Forestry assets

Forestry assets are independently revalued annually at fair value less estimated point of sale costs using appropriate valuation methods and techniques, depending on the age and species of the trees.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in profit or loss.

The costs to maintain the forestry assets are recognised as an expense as incurred.

2.15 Emission units and emissions obligations

Emission units that have been allocated by the Government under the forestry scheme are recorded at nominal value (nil value). Purchased emission units are recorded at cost (purchase price). Emission units, whether allocated or purchased, are recorded as intangible assets. Emission units are not revalued subsequent to initial recognition.

Emission obligations are recognised as a current liability as the emission obligation is incurred. Up to the level of units held, the liability is recorded at the carrying value of those units. When emission obligations exceed the units held the liability is calculated either at contract prices under forward purchase agreements for the number of units contracted where these exist, or at fair value.

Forward contracts for the purchase of emission units are recognised when the contracts are settled on an accruals basis.

2.16 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

If an asset’s carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. The impairment loss is recognised in the profit or loss. For assets other than goodwill, the reversal of an impairment loss is recognised in the profit or loss.

Notes to the Financial Statements
For the year ended 30 June 2019

2.17 Employee benefits

Short-term benefits

Employee benefits that are expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date and retiring and long service leave entitlements expected to be settled within 12 months.

A liability for sick leave is recognised when the leave is taken and measured at the rates paid or payable.

Long-term benefits

Long service leave and retirement leave

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and

- the present value of the estimated future cash flows. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Transwaste Canterbury Limited and its group has no employees other than directors and currently has no sick, annual, long service or retirement leave obligations.

Notes to the Financial Statements
For the year ended 30 June 2019

2.18 Provisions - General

Transwaste Canterbury Limited recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and described in the profit or loss as a time value adjustment.

2.19 Closure and Post-Closure Costs

A provision for future landfill site restoration and aftercare costs is recognised when the activities giving rise to the need for site restoration and aftercare have commenced. The provision is stated at the present value of the future cash outflows expected to be incurred, which increases each period due to the passage of time. Any increase in the provision due to the change in present value is recognised in profit or loss as a time value adjustment in interest expense.

Future landfill site restoration and aftercare costs provided for are initially capitalised in the balance sheet. Any change in the provision for future landfill site restoration and aftercare costs arising from a change in estimate of those costs (through discount rate or cost estimate updates) is also recognised in non current assets in the balance sheet.

2.20 Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

2.21 Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue (IR) is included as part of receivables or payables in the balance sheet.

Notes to the Financial Statements
For the year ended 30 June 2019

2.22 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.23 Critical accounting estimates and assumptions

In preparing these financial statements Transwaste Canterbury Limited has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill closure and post-closure provisions

Note 19 discloses an analysis of the exposure of Transwaste Canterbury Limited in relation to the estimates and assumptions surrounding landfill closure and post-closure provisions.

3. Revenue

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Waste disposal (excluding waste levy)	37,197	38,242	34,441	34,772
Waste levy on-charged to customers	3,206	3,343	3,206	3,343
Waste disposal sales including waste levy	40,403	41,585	37,647	38,115
Waste transport	6,510	6,515	6,510	6,515
Recovered materials	87	29	-	-
Electricity generation	1,413	1,224	1,413	1,224
Sales	**48,413**	**49,353**	**45,570**	**45,854**

Waste levy cost

Effective from 1 July 2009, a waste levy (currently levied at $10 per tonne of waste to landfill) is payable by the company to the Ministry for the Environment. The levy, totalling $3,206,000 for the year (2018: $3,343,000), is on-charged to customers and the on-charge is included in sales revenue. The waste levy cost is included in expenses.

Notes to the Financial Statements
For the year ended 30 June 2019

Parent company – Transwaste Canterbury Limited

The company contracts with its customers to lawfully dispose of waste at the Kate Valley landfill. For shareholders, the Company contracts to deliver empty waste containers to refuse stations, and collect full containers and deliver them to the landfill.

Contractual payment terms are typically within one month after the month the contents are lawfully disposed into landfill.

The company has a contract to sell electricity generated at its Kate Valley landfill into the national grid.

Consideration is fixed and there is no significant financing component in the contracts.

Subsidiary companies

Burwood Resource Recovery Park Limited contracts with its customers to lawfully dispose of earthquake demolition waste delivered to the Burwood Resource Recovery Park in Christchurch. Materials recovered from the demolition waste are sold to third parties.

Contractual payment terms are typically within one month after the month the contents are lawfully disposed into landfill.

Tiromoana Station Limited, as lessor, has entered into contracts to lease land for farming activities, and has entered into a contract with a third party to harvest and sell forestry assets as required.

Consideration is fixed and there is no significant financing component in the contracts.

4. Expenses

Profit before tax includes the following specific expenses:

Employee benefits costs

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Directors' fees	**339**	**333**	**339**	**333**

All employee benefit costs relate to fees paid to directors.

Notes to the Financial Statements
For the year ended 30 June 2019

Depreciation and impairment

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Depreciation:				
Landfill development	4,348	4,347	4,275	4,213
Deferred closure costs	1,499	992	659	672
Buildings	13	13	-	-
Plant and machinery	562	532	551	516
Motor vehicles	65	66	-	-
	6,487	**5,950**	**5,485**	**5,401**
Impairment:				
Impairment of receivables (Note 14)	5	6	-	-
	5	**6**	**-**	**-**

Audit fees

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Audit services				
Audit New Zealand				
- Audit fees for financial statements audit	67	66	39	38
Total remuneration for audit services	**67**	**66**	**39**	**38**

5. Finance costs

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Interest - other	-	62	-	20
Interest on intra-group advances	-	-	298	291
Provisions: Time value adjustment (Note 19)	600	635	588	588
Total finance costs	**600**	**697**	**886**	**899**

Notes to the Financial Statements
For the year ended 30 June 2019

6. Tax

Components of tax expense

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Current tax expense	6,012	6,566	5,448	5,988
Prior period adjustment to current tax	-	(704)	-	(226)
Deferred tax expense	(781)	(636)	(838)	(1,127)
Income tax expense	**5,231**	**5,226**	**4,610**	**4,635**

Relationship between tax expense and accounting profit

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Profit/(loss) before tax	18,679	18,662	21,466	21,554
Tax at 28% (2018: 28%)	5,231	5,225	6,010	6,035
Plus/(Less) tax effect of:				
Non-deductible expenditure	-	1		-
Non-taxable income	-	-	(1,400)	(1,400)
Tax expense	**5,231**	**5,226**	**4,610**	**4,635**

Deferred tax assets/ (liabilities)	**Property, plant and equipment $'000**	**Cash flow hedges $'000**	**Other $'000**	**Tax losses recognised $'000**	**Total $'000**
Group					
Balance at 1 July 2017	(5,272)	-	463	1	(4,808)
Credited/(charged) to profit or loss	1,237	-	104	(1)	1,340
Prior period adjustment	(704)	-	-	-	(704)
Total credited/(charged) to profit or loss	533	-	104	(1)	636
Credited/(charged) to other comprehensive income	-	-	-	-	-
Balance at 30 June 2018	(4,739)	-	567	-	(4,172)
Credited/(charged) to profit or loss	739	-	42	-	781
Credited/(charged) to other comprehensive income	-	-	-	-	-
Balance at 30 June 2019	(4,000)		609	-	(3,391)

Notes to the Financial Statements
For the year ended 30 June 2019

Deferred tax assets/ (liabilities) **Company**	**Property, plant and equipment $'000**	**Cash flow hedges $'000**	**Other $'000**	**Tax losses recognised $'000**	**Total $'000**
Balance at 1 July 2017	(5,596)	-	868	-	(4,728)
Credited/(charged) to profit or loss	1,188	-	165	-	1,353
Prior period adjustment	(226)	-	-	-	(226)
Total credited/(charged) to profit or loss	962	-	165	-	1,127
Balance at 30 June 2018	(4,634)	-	1,033	-	(3,601)
Credited/(charged) to profit or loss	673	-	165	-	838
Credited/(charged) to other comprehensive income	-	-	-	-	-
Balance at 30 June 2019	(3,961)		1,198	-	(2,763)

Income tax receivable/(payable)

	Group 2019 $'000	**Group 2018 $'000**	**Parent 2019 $'000**	**Parent 2018 $'000**
Opening tax receivable/(payable)	(2,194)	(5,565)	(2,186)	(2,695)
Current tax expense	(6,012)	(6,566)	(5,448)	(5,988)
Income tax paid	6,470	9,233	5,962	6,271
Adjustments for prior years	-	704	-	226
Closing tax receivable/(payable)	**(1,736)**	**(2,194)**	**(1,672)**	**(2,186)**

Additional disclosures

Imputation Credit Account

	Group 2019 $'000	**Group 2018 $'000**	**Parent 2019 $'000**	**Parent 2018 $'000**
Imputation credits available for subsequent reporting periods based on a tax rate of 28% (2018: 28%)	16,537	14,698	8,459	5,260

Notes to the Financial Statements

For the year ended 30 June 2019

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

a) Imputation credits that will arise from the payment of the amount of the provision for income tax
b) Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
c) Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

7. Dividends

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Dividends paid or accrued during the year				
Interim dividends[1]	5,000	5,500	5,000	5,500
Final dividends[2]	11,400	12,900	11,400	12,900
	16,400	18,400	16,400	18,400

[1] Fully imputed interim dividends of $5,000,000 declared and paid on 22 February 2019 (2018: $5,500,000 fully imputed on 23 February 2018).

[2] Fully imputed final dividend for 2018 of $6,400,000 declared and paid on 31 August 2018 (2018: $7,900,000 fully imputed on 25 August 2017). A further fully imputed dividend of $5,000,000, being a project dividend arising from the Burwood Resource Recovery Park project, was declared and paid on 22 February 2019 (2018: $5,000,000 declared and paid on 23 February 2018).

A fully imputed final dividend of $6,700,000 in respect of 2019 was declared on 30 August 2019.

Notes to the Financial Statements
For the year ended 30 June 2019

8. Property, plant and equipment 2019

	Cost 1 July 2018	Accumulated depreciation and impairment charges 1 July 2018	Carrying amount 1 July 2018	Current year additions/ transfers & reassessments	Current year disposals/ reassessments	Current year depreciation	Current year transfer to assets held for sale	Cost 30 June 19	Accumulated depreciation and impairment charges 30 June 19	Carrying amount 30 June 19
Parent property, plant & equipment							-			
Landfill development	70,283	(38,115)	32,169	4,321	(14)	(4,275)	-	74,448	(42,247)	32,201
Assets under construction	3,507	-	3,507	849	-	-	-	4,356	-	4,356
Deferred site restoration costs (Note 19)	17,040	(2,827)	14,213	7,097	-	(659)	-	24,137	(3,486)	20,651
Plant and equipment	6,272	(3,546)	2,726	249	-	(551)	-	6,521	(4,096)	2,425
Total parent property, plant & equipment	**97,103**	**(44,488)**	**52,615**	**12,516**	**(14)**	**(5,485)**	**-**	**109,462**	**(49,829)**	**59,633**
Subsidiaries property, plant & equipment										
Landfill development	2,672	(2,571)	101	-	-	(73)	-	2,672	(2,644)	28
Land	3,190	-	3,190	-	-	-	-	3,190	-	3,190
Buildings	548	(376)	172	-	-	(13)	-	548	(389)	159
Deferred site restoration costs	2,950	(2,696)	254	894	-	(840)	-	3,844	(3,536)	308
Motor vehicles	762	(422)	340	-	-	(65)	-	762	(487)	275
Plant and equipment	174	(98)	76	-	(29)	(11)	-	125	(89)	36
Total subsidiaries property, plant and equipment	10,296	(6,163)	4,133	894	(29)	(1,002)	-	11,141	(7,145)	3,996
Group property, plant & equipment	**107,399**	**(50,650)**	**56,749**	**13,410**	**(43)**	**(6,487)**	**-**	**120,603**	**(56,974)**	**63,629**

Approximately 1,050 hectares of the land held by the subsidiary Tiromoana Station Limited is designated by the parent, Transwaste Canterbury Limited, as relating to its current landfill activities. The area directly utilised for landfill-related activities is approximately 140 ha, with the balance comprising 500 ha of farming and forestry land and 410 ha of the Tiromoana Bush conservation area.

Westpac holds a Registered First Debenture dated 7 July 2000 over assets, undertakings and uncalled capital of the company and a Registered First Mortgage dated 11 August 2000 and 21 October 2003 over the property located at Kate Valley, North Canterbury.

Notes to the Financial Statements
For the year ended 30 June 2019

8. Property, plant and equipment (continued) 2018

	Cost 1 July 2017	Accumulated depreciation and impairment charges 1 July 2017	Carrying amount 1 July 2017	Current year additions/ transfers & reassessments	Current year disposals/ reassessments	Current year depreciation	Current year transfer to assets held for sale	Cost 30 June 18	Accumulated depreciation and impairment charges 30 June 18	Carrying amount 30 June 18
Parent property, plant & equipment										
Landfill development	70,950	(33,859)	37,091	(682)	(26)	(4,213)	-	70,283	(38,115)	32,169
Assets under construction	-	-	-	3,507	-	-	-	3,507	-	3,507
Deferred site restoration costs (Note 19)	16,697	(2,155)	14,542	343	-	(672)	-	17,040	(2,827)	14,213
Plant and equipment	5,765	(3,030)	2,735	507	-	(516)	-	6,272	(3,546)	2,726
Total parent property, plant & equipment	**93,412**	**(39,044)**	**54,368**	**3,675**	**(26)**	**(5,401)**	**-**	**97,103**	**(44,488)**	**52,615**
Subsidiaries property, plant & equipment										
Landfill development	2,647	(2,437)	210	25	-	(134)	-	2,672	(2,571)	101
Land	3,190	-	3,190	-	-	-	-	3,190	-	3,190
Buildings	548	(363)	186	-	-	(13)	-	548	(376)	172
Deferred site restoration costs	2,936	(2,376)	560	14	-	(320)	-	2,950	(2,696)	254
Motor vehicles	762	(356)	406	-	-	(66)	-	762	(422)	340
Plant and equipment	5,635	(5,293)	342	-	-	(16)	(250)	174	(98)	76
Total subsidiaries property, plant and equipment	15,718	(10,825)	4,894	39	-	(549)	(250)	10,296	(6,163)	4,133
Group property, plant & equipment	**109,130**	**(48,869)**	**59,262**	**3,714**	**(26)**	**(5,950)**	**(250)**	**107,399**	**(50,650)**	**56,749**

Notes to the Financial Statements

For the year ended 30 June 2019

9. Assets held for sale

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Opening balance	250	-	-	-
Transfer from property, plant & equipment	-	250	-	-
Disposals	(250)	-		
Closing balance	**-**	**250**	**-**	**-**

Impairment of assets held for sale

Assets held for sale related to Burwood Resource Recovery Park Limited. The specific assets held for sale consisted of a density separator (fully impaired) transferred to held for sale in 2016, and the processing plant equipment transferred to held for sale from property, plant & equipment during 2018 at its $250,000 carrying value and assorted ancillary plant transferred to held for sale during 2018 at its carrying value of $nil. The plant was sold in one lot for $970,000.

10. Forestry assets

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Balance at 1 July	1,926	1,661	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	451	265	-	-
Balance at 30 June	**2,377**	**1,926**	**-**	**-**

Through the land holdings on Tiromoana Station, Transwaste Canterbury Limited owns 339 hectares of commercial standing trees, predominantly pinus radiata, which are at varying stages of maturity ranging from 6 to 38 years.

No forest has been harvested or sold during the year (2018: nil harvested or sold).

Notes to the Financial Statements

For the year ended 30 June 2019

Independent registered valuer Allan Laurie of Laurie Forestry Limited has valued forestry assets as at 30 June 2019 using, depending on the age and species of the trees, the Net Harvest Value method, a blended Cost Compounded and NPV method or Nominal Value method.

The Net Harvest Value method is applied to mature standing trees. Net (stumpage) values are derived by deducting average current day marketing, harvesting and transportation costs from three year weighted average point of sale export log prices PPI adjusted to current prices using Statistics NZ AA21 – Forestry and Logging. Point of sale can include “at mill door” or “at wharf gate”. Three year weighted average log prices are used to eliminate the significant short term fluctuations of log export prices.

In the absence of reliable transaction evidence of recent forest sales, a blending of the Cost Compounded and Net Present Value (NPV) methods has been used for pinus radiata that is not mature.

For the Cost Compounded Method values are calculated as the sum of costs compounded from the time of occurrence to the present day. A compound rate of 5% (2018:5%) has been used in the valuation.

The NPV method calculates the Crop Expectation Value, which is the value of the tree crop calculated by discounting a net cash flow at a specified discount rate. A pre-tax discount rate of 8.5% (2018: 8.5%) has been used in discounting the present value of expected pre-tax cash flows.

The Nominal Value Method, reflecting the direct costs of inputs to date, is used to value species where there is difficulty in applying standard growth modelling and crop performance assumptions.

Fair value hierarchy

Fair value for the forestry assets is based on valuation techniques with significant non-observable inputs (level 3), where one or more significant inputs are not observable.

Financial risk management strategies

Transwaste Canterbury Limited is exposed to financial risks arising from changes in timber prices. Transwaste Canterbury Limited is a long-term forestry investor and does not expect timber prices to decline significantly in the longer term and, therefore, has not taken any measures to manage the risks of a decline in timber prices. Transwaste Canterbury Limited reviews its outlook for timber prices regularly in considering the need for active financial risk management.

Notes to the Financial Statements
For the year ended 30 June 2019

11. Emissions units

The New Zealand Emissions Trading Scheme (ETS) became law on 28 September 2008 with the passing of the Climate Change Response (Emissions Trading) Amendment Act 2009 (the Act).

The Transwaste group is a participant in the ETS as follows:

- Transwaste Canterbury Limited – as a landfill operator, Transwaste is liable to surrender carbon credits for tonnes of waste to landfill.
- Tiromoana Station Limited, through its holdings of 339 hectares of forestry, is a participant in the forestry scheme, with the effect that
  - NZ Carbon Credit allocations are granted for pre-1990 forest to compensate for lost value and, if harvested trees are not replanted within 4 years the company is liable to surrender carbon credits. Approximately 24.2 hectares of the forestry held at balance date is pre-1990 forest
  - For post-1989 forest, carbon credits accrue as the trees grow and credits must be surrendered on deforestation.
- Burwood Resource Recovery Park Limited is not a participant in the ETS as the subsidiary's activities are outside the definition of "waste". Provided the waste received continues to be from earthquake-related demolition and construction and there are no legislative changes amending the definition of waste in the relevant Acts, this status is forecast to continue.

	2019 Group Units	2019 Group $000	2019 Parent Units	2019 Parent $000
Balance at the beginning of the year	168,109	1,588	96,558	1,588
Allocated units	-	-	-	-
Purchased units	-	-	-	-
Surrendered to the Crown	(33,282)	(547)	(33,282)	(547)
Sale/write-down of units	-	-	-	-
Balance at the end of the year	134,827	1,041	63,276	1,041

	2018 Group Units	2018 Group $000	2018 Parent Units	2018 Parent $000
Balance at the beginning of the year	87,842	759	61,487	759
Allocated units	45,196	-	-	-
Purchased units	63,000	1,289	63,000	1,289
Surrendered to the Crown	(27,929)	(460)	(27,929)	(460)
Sale/write-down of units	-	-	-	-
Balance at the end of the year	168,109	1,588	96,558	1,588

Notes to the Financial Statements
For the year ended 30 June 2019

Landfill

The company has adopted policies to manage the pricing and risk issues arising from the commencement of ETS obligations from 1 January 2013 for the Kate Valley landfilling operations.

Forestry

Tiromoana Station Limited is registered for both the pre-1990 forest and post-1989 forest.

With regard to pre-1990 forestry:

- Under the NZ Government's Allocation Plan, the company has received its allocation of 4,260 emissions units. The units are recorded at cost (nil).
- Additionally, under the ETS the company will have an obligation to account for any emission released as a consequence of deforestation of pre-1990 land by surrendering credits equal to the extent of that emission. There is no liability for deforestation as at 30 June 2019.

With regard to post-1989 forestry, the company has received its allocation entitlements to 31 December 2017 of 67,291 emissions units. The units are recorded at cost (nil).

12. Loans to related parties

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Tiromoana Station Limited	-	-	2,220	2,275

Loans from the parent to related parties relate to the subsidiary, Tiromoana Station Limited and comprise an advance relating to the original funding for the purchase of the Tiromoana Station property. The advance is secured by a second ranking general security agreement and mortgage over the property owned by Tiromoana Station Limited.

The advance is repayable on demand; however the parent company directors do not intend to demand repayment within the next twelve months, unless Tiromoana Station Limited is in a position to repay the amount so demanded.

No interest has been charged during the year (2018: $Nil) under the terms of the agreement between the companies, whereby the parent notifies Tiromoana Station Limited prior to the start of the year of the interest payable based on the approved budget for the year. Where interest is charged, it is calculated using the parent's budgeted interest rate on borrowings, taking into account expected transactions for the year and after deducting the value of property utilised for landfilling activities.

Notes to the Financial Statements
For the year ended 30 June 2019

13. Cash, cash equivalents and deposits

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Cash at bank - current account/short term deposits	4,593	7,373	233	406
Total cash and cash equivalents	**4,593**	**7,373**	**233**	**406**
Other term deposits	12,000	13,000	-	-
Total cash and deposits	**16,593**	**20,373**	**233**	**406**

14. Trade and other receivables

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Trade receivables	1,997	2,193	1,555	1,659
Related party receivables (Note 25)	2,535	2,706	2,581	2,761
Gross trade and other receivables	**4,532**	**4,899**	**4,136**	**4,420**
Less provision for impairment	(27)	(23)	-	-
Total trade and other receivables	**4,505**	**4,876**	**4,136**	**4,420**

The carrying value of trade and other receivables approximates their fair value.

The ageing profile of receivables at year end is detailed below:

	2019 Gross $'000	2019 Impairment $'000	2019 Net $'000	2018 Gross $'000	2018 Impairment $'000	2018 Net $'000
Parent						
Not past due	3,473	-	3,473	3,973	-	3,973
Past due 1-60	643	-	643	447	-	447
Past due >90	20	-	20	-	-	-
Total	**4,136**	**-**	**4,136**	**4,420**	**-**	**4,420**
Group						
Not past due	3,805	(13)	3,792	4,408	(18)	4,390
Past due 1-60	690	(2)	688	488	(2)	486
Past due >90	37	(12)	25	3	(3)	-
Total	**4,532**	**(27)**	**4,505**	**4,899**	**(23)**	**4,876**

All receivables greater than 30 days in age are considered to be past due.

Notes to the Financial Statements

For the year ended 30 June 2019

The group applies the NZ IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Individual impairment	11	3	-	-
Collective impairment	16	20	-	-
Total provision for impairment	**27**	**23**	**-**	**-**

Movements in the provision for impairment of receivables are as follows:

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
At 1 July	23	22	-	-
Additional provisions made during the year	5	6	-	-
Provisions reversed during the year	-	-	-	-
Receivables written off during the year	(1)	(5)	-	-
At 30 June	**27**	**23**	**-**	**-**

15. Contributed equity

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Issued and paid in capital				
20,000,000 ordinary shares	20,000	20,000	20,000	20,000
Less: Uncalled capital	(4,000)	(4,000)	(4,000)	(4,000)
Total paid in capital 30 June	16,000	16,000	16,000	16,000

None of the above shares are held by the group or its subsidiaries. All ordinary shares on issue have been paid to the proportion held by each shareholder.

Uncalled capital is payable at such times as the board may from time to time determine.

All ordinary shares rank equally with one vote attached to each share. Ordinary shares do not have a par value.

Notes to the Financial Statements
For the year ended 30 June 2019

16. Reserves

Capital reserve

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Balance at the beginning of the year	625	625	-	-
Balance at end of year	625	625	-	-

Capital reserves comprise capital gains realised on sales to third party purchasers of land and buildings.

17. Retained earnings

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
As at 1 July	35,865	40,829	9,332	10,813
Profit for the period	13,448	13,436	16,856	16,919
Transfer to capital reserve	-	-	-	-
Dividends paid	(16,400)	(18,400)	(16,400)	(18,400)
As at 30 June	32,913	35,865	9,788	9,332

Notes to the Financial Statements

For the year ended 30 June 2019

18. Borrowings

Current borrowings – loans from related parties

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Unsecured loan – Burwood Resource Recovery Park Limited	-	-	5,200	4,400

The advance from the subsidiary, Burwood Resource Recovery Park Limited, to the parent is repayable on demand, with interest payable monthly in arrears at the applicable group floating interest rate with Westpac. During the year $298,000 (2018: $291,000) interest was charged at a weighted average rate of 3.95% (2018: 3.95%). At balance date there was no outstanding interest (2018: nil).

There is a general security arrangement and first ranking mortgage over the property owned by the subsidiary, Tiromoana Station Limited.

Bank loans

The parent company has previously entered into a multi option credit facility with Westpac totalling $7,000,000 for funding of the Kate Valley landfill construction and operations. The facility is secured by way of a registered first general security agreement over all owned assets, undertakings and uncalled capital of the parent company and a debt and interest guarantee from the subsidiary, Tiromoana Station Limited.

On 30 June 2014 the parent company facility was cancelled as it is not currently required, but the securities remain in place for group facilities as required, including interest rate swaps.

Fair value of non-current borrowings

Bank loans have been valued at fair value.
The carrying amounts of other non-current borrowings approximate their fair values.
The carrying amounts of borrowings repayable within one year approximate their fair value.

Notes to the Financial Statements
For the year ended 30 June 2019

19. Provisions

Provisions are represented by:

Closure and post-closure provisions

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Opening balance	21,400	21,295	20,656	19,725
Assessment of current value of landfill costs:				
- Cost assessment	855	14	-	-
- Discount rate update	7,136	343	7,097	343
Effect of time value adjustment	600	635	588	588
Amounts used during the period	(251)	(887)	-	-
Closing balance	29,740	21,400	28,341	20,656
Comprising:				
Current	973	363	-	-
Non-current	28,767	21,037	28,341	20,656
Total closure and post-closure provisions	29,740	21,400	28,341	20,656

Provision is made for the future costs of closing the company's landfills at the end of their economic or consented lives and for the associated post-closure costs, being the aftercare of the landfill for the prescribed periods. Estimated costs, adjusted for inflation, are built up on an item by item basis. The provision held, at each balance date, represents the net present value of the estimated future costs. A detailed reassessment of these costs and the anticipated remaining life of the landfills is performed on a regular basis, usually three yearly. On an annual basis a high-level review of costs is performed, together with a reassessment of anticipated inflation and the discount rate applicable. The discount rate applied is a risk-free rate for periods closest to the expected cash outflows that is available on the New Zealand markets. The rate used is the yield on New Zealand Government 20 year bonds (2018: New Zealand Government 10 year bonds).

The impact of changes to the provision arising from the reassessment of the life of the landfills and estimated future costs are capitalised to deferred closure and post-closure costs within property, plant and equipment in the balance sheet. The annual change in the net present value of the provision due to the passage of time is recorded as the time value adjustment of provisions in the profit or loss. The financial reporting standards require this to be disclosed as an interest cost in the profit or loss (see Note 5).

Notes to the Financial Statements
For the year ended 30 June 2019

Kate Valley Landfill

The remaining consented life of the Kate Valley landfill is 21 years.

The cash outflows for landfill post-closure are expected to occur in twenty one to forty six years time (or between 2040 and 2065). The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred and as a result changes in estimates occur over time. The provision has been estimated taking into account existing technology and using a discount rate of 1.87% (2018: 2.85%). The combination of a significant drop in the discount rate and the long term nature of the expected cash outflows has resulted in an increase to the provision and the closure and post closure asset of $7,097,000, which will be reflected in reduced time value adjustments to the provision and increased amortisation of the asset in future years.

Burwood Resource Recovery Park Landfill

The remaining consented life of the Burwood Resource Recovery Park is 2.5 years, however it is scheduled to close in December 2019 and stakeholders have been advised of the closure. Cash outflows for progressive closure of Area A Extension and Area B commenced in 2017 and continued during the 2018 and 2019 years.

The provision has been estimated taking into account existing technology and using a discount rate of 1.87% (2018: 2.85%).

20. Employee benefit liabilities

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Accrued pay (including directors fees)	25	50	25	50
Annual leave	-	-	-	-
Total employee benefit liabilities	25	50	25	50
Comprising:				
Current	25	50	25	50
Non-current	-	-	-	-
Total employee benefit liabilities	25	50	25	50

Notes to the Financial Statements
For the year ended 30 June 2019

21. Trade and other payables

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Trade payables	435	518	416	509
Accrued expenses	908	921	848	848
Related party payables (Note 25)	2,372	4,017	2,210	3,722
	3,715	5,456	3,474	5,079

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates to their fair value.

22. Cash flow information

Reconciliation of profit for the period to net cash flow from operating activities

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Total comprehensive income for the year	**13,448**	**13,436**	**16,856**	**16,919**
Add/(less) non-cash items:				
Depreciation, amortisation and impairment	6,487	5,950	5,485	5,401
Gain on changes in fair value of forestry	(451)	(265)	-	-
Interest rate swap (Note 5)	-	-	-	-
Time value adjustment (Note 5)	600	635	588	588
ETS surrendered (Note 11)	547	460	547	460
Loss / (gain) on sale of fixed assets	(677)	26	14	26
Deferred tax	(781)	(636)	(838)	(1,127)
	5,725	6,170	5,796	5,348
Add/(less) movements in working capital items:				
Receivables	436	61	284	(151)
Income tax	(458)	(3,371)	(513)	(509)
Forestry	-	-	-	-
Deferred income	-	-	-	-
Trade payables - working capital	(1,830)	1,522	(1,631)	1,327
	(1,852)	(1,788)	(1,860)	667

Notes to the Financial Statements
For the year ended 30 June 2019

Less items classified as investing activities:				
Trade payables – property, plant & equipment	909	(750)	909	(750)
Closure and post-closure provisions utilised	(251)	(887)	-	-
	658	(1,637)	909	(750)
Net cash inflow/(outflow) from operating activities	**17,979**	**16,181**	**21,701**	**22,184**

Non-cash investing and financing activities

There were no non-cash investing and financing transactions during the period (2018: nil).

Changes in liabilities arising from financing activities

	Non-current loans and borrowings $'000 (Note 18)	**Current loans and borrowings $'000 (Note 18)**	**Total $'000**
Group			
Balance at 1 July 2017	-	-	-
Cash flows	-	-	-
Balance at 30 June 2018	-	-	-
Cash flows	-	-	-
Balance at 30 June 2019	**-**	**-**	**-**
Parent			
Balance at 1 July 2017	-	6,161	6,161
Cash flows	-	(1,761)	(1,761)
Balance at 30 June 2018	-	4,400	4,400
Cash flows	-	800	800
Balance at 30 June 2019	-	5,200	5,200

Notes to the Financial Statements
For the year ended 30 June 2019

23. Capital commitments and operating leases

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Capital commitments contracted for at balance date but not yet incurred for property, plant and equipment	668	1,585	668	1,585

There are no capital commitments in relation to forestry.

Operating leases as lessor

The group leases land not immediately required for its operations under operating leases. The leases are with one external party and have non-cancellable terms of 5 years from June 2018.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Not later than one year	55	55	-	-
Later than one year and not later than five years	165	220	-	-
Later than five years	-	-	-	-
Total non-cancellable operating leases	**220**	**275**	**-**	**-**

No contingent rents have been recognised during the period.

24. Contingent assets and liabilities

Contingent assets

Under the New Zealand Emissions Trading Scheme (ETS) the group is eligible for carbon credits on sequestration of carbon in the group's post-1989 forests. The subsidiary, Tiromoana Station Limited has received credits for periods up to 31 December 2017.

The group will have an obligation to account for any emission released as a consequence of deforestation of pre-1990 land by surrendering credits equal to the extent of that emission. The group has no liability for deforestation as at 30 June 2019.

Notes to the Financial Statements
For the year ended 30 June 2019

Contingent liabilities

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Bonds	15,112	14,112	15,112	14,112

Bonds of $15,112,500 (2018: $14,112,500) have been arranged with the parent company's bankers in terms of resource consents granted to the company. It is anticipated no material liabilities will arise.

The subsidiary, Burwood Resource Recovery Park Limited, is required under its operational agreement with Christchurch City Council to remediate the sites it operates in the Burwood Resource Recovery Park on expiry of the consenting period, to the extent agreed with Christchurch City Council. This excludes the landfill sites, for which closure provisions have been established. The Council has indicated that it is likely minimal remediation will be required, as the sites may be used for future activities. No material losses are anticipated in respect of the contingent liabilities.

25. Related party transactions

The company's shareholders are considered to be related parties of the company. This includes the five territorial local authorities with shareholdings in the company and Waste Management NZ Limited.

The company has negotiated arms-length waste disposal and transport contracts with the related parties. The company also contracts with Waste Management NZ Limited for costs relating to the on-going landfill construction, landfill disposal and transport services.

The following transactions were carried out with related parties:

(a) Sales of services	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Entities with joint control or significant influence over the entity (landfilling and transport)	13,712	15,156	13,679	15,129
Entities with joint control or significant influence over the entity (rental)	5	5	-	-
Other related parties (landfilling and transport)	15,157	16,131	15,155	16,052
Subsidiaries (reimbursement of costs)	-	-	53	99
	28,874	31,292	28,887	31,280

Notes to the Financial Statements
For the year ended 30 June 2019

25. Related party transactions (continued)

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
(b) Purchases of services				
Entities with joint control or significant influence over the entity (waste disposal, transport and construction)	26,616	23,561	24,814	21,075
Entities with joint control or significant influence over the entity (rates)	12	13	9	9
Subsidiaries (subvention payments)	-	-	-	60
	26,628	23,574	24,823	21,144
(c) Year end balances arising from sales/purchases of services				
Receivables from related parties (Note 14)				
Entities with joint control or significant influence over the entity	1,191	1,304	1,177	1,294
Other related parties	1,344	1,402	1,344	1,402
Subsidiaries	-	-	60	65
	2,535	2,706	2,581	2,761
Payables to related parties (Note 21)				
Entities with joint control or significant influence over the entity	2,372	4,017	2,204	3,656
Subsidiaries	-	-	6	66
	2,372	4,017	2,210	3,722
(d) Advances to related parties (Note 12)				
Advances to subsidiary				
Beginning of year	-	-	2,275	2,294
Advances/(repayments)	-	-	(55)	(19)
End of year	-	-	2,220	2,275
(e) Advances from related parties (Note 18)				
Advances from subsidiary				
Beginning of year	-	-	4,400	6,161
Advances/(repayments)	-	-	800	(1,761)
Interest expense	-	-	298	291
Interest paid	-	-	(298)	(291)
End of year	-	-	5,200	4,400

Notes to the Financial Statements
For the year ended 30 June 2019

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Key management personnel				
Directors' fees and other short term employee benefits	339	333	339	333

Directors' remuneration is detailed in the Directors' Report to Shareholders on page 4.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables from related parties (2018: Nil).

26. Financial instruments

26A. Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
FINANCIAL ASSETS				
Financial assets at amortised cost				
Cash and cash equivalents	4,593	7,373	233	406
Debtors and other receivables	4,505	4,876	4,136	4,420
Other financial assets:				
- Loans to related parties	-	-	2,220	2,275
-Term deposits	12,000	13,000	-	-
Total loans and receivables	21,098	25,249	6,589	7,101
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Creditors and other payables	3,715	5,456	3,474	5,079
Borrowings:				
- Secured loans	-	-	-	-
- Loans from related parties	-	-	5,200	4,400
Total financial liabilities at amortised cost	3,715	5,456	8,674	9,479

26B Fair value hierarchy disclosures

For those instruments recognised at fair value in the balance sheet, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.

Notes to the Financial Statements
For the year ended 30 June 2019

- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

There are no financial instruments recognised at fair value (2018: nil)

26C. Financial instrument risks

Transwaste Canterbury Limited has a series of policies to manage the risks associated with financial instruments. Transwaste Canterbury Limited is risk averse and seeks to minimise exposure from its treasury activities. The Treasury policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Transwaste Canterbury Limited is not exposed to price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Transwaste Canterbury Limited is not exposed to currency risk, as it does not enter into foreign currency transactions.

Interest rate risk

The interest rates on Transwaste Canterbury Limited’s borrowings are disclosed in Note 18.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings issued at fixed interest rates expose Transwaste Canterbury Limited to fair value interest rate risk. Transwaste Canterbury Limited’s Treasury policy outlines the level of borrowing that is to be secured using fixed interest rate instruments. Fixed to floating interest rate swaps may be entered into to hedge the fair value interest rate risk arising where Transwaste Canterbury Limited has borrowed at fixed rates. In addition, investments at fixed interest rates expose Transwaste Canterbury Limited to fair value interest rate risk.

Notes to the Financial Statements
For the year ended 30 June 2019

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Transwaste Canterbury Limited to cash flow interest rate risk.

Transwaste Canterbury Limited manages its cash flow interest rate risk on borrowings under the terms of its Treasury policy by, where appropriate, using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if Transwaste Canterbury Limited borrowed at fixed rates directly. Under the interest rate swaps, Transwaste Canterbury Limited agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Transwaste Canterbury Limited has not been party to any interest rate swaps in the current or prior year.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Transwaste Canterbury Limited, causing Transwaste Canterbury Limited to incur a loss. The group has three to five significant customers, which are actively managed to minimise credit risk.

Transwaste Canterbury Limited invests funds in deposits with registered banks. Accordingly, the group does not require any collateral or security to support these financial instruments.

Transwaste Canterbury Limited has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Maximum exposure to credit risk

Transwaste Canterbury Limited’s maximum credit exposure for each class of financial instrument is as follows:

	Group 2019 $’000	Group 2018 $’000	Parent 2019 $’000	Parent 2018 $’000
Cash at bank and term deposits (Note 13)	16,593	20,373	233	406
Debtors and other receivables (Note 14)	4,505	4,876	4,136	4,420
Related party loans (Note 12)	-	-	2,220	2,275
Total credit risk	21,098	25,249	6,589	7,101

Notes to the Financial Statements
For the year ended 30 June 2019

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	Group 2019 $'000	**Group 2018 $'000**	**Parent 2019 $'000**	**Parent 2018 $'000**
Counterparties with credit ratings				
Cash at bank and term deposits				
AA-	16,593	20,373	233	406
Counterparties without credit ratings				
Related party loans:				
Existing counterparty with no defaults in the past	-	-	2,220	2,275

Debtors and other receivables mainly arise from ongoing transactions with three to five significant customers for the parent, and a larger number of credit customers for the subsidiaries with no significant concentration of credit risk. There are procedures in place to monitor and report the credit quality of debtors and other receivables on a monthly basis, to minimise credit risk.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that Transwaste Canterbury Limited will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Transwaste Canterbury Limited aims to maintain flexibility in funding by keeping committed credit lines available.

Transwaste Canterbury Limited manages its borrowings in accordance with its Treasury Policy.

The maturity profiles of Transwaste Canterbury Limited's interest bearing borrowings are disclosed in Note 18.

Notes to the Financial Statements

For the year ended 30 June 2019

Contractual maturity analysis of financial liabilities

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount $'000	Contract-ual cash flows $'000	Less than 1 year $'000	1 – 2 years $'000	2 – 5 years $'000
Group 2019					
Creditors and other payables	3,715	3,715	3,715	-	-
Total	3,715	3,715	3,715	-	-
Group 2018					
Creditors and other payables	5,456	5,456	5,456	-	-
Total	5,456	5,456	5,456	-	-
Parent 2019					
Creditors and other payables	3,474	3,474	3,474	-	-
Related party loans	5,200	5,200	5,200	-	-
Total	8,674	8,674	8,674	-	-
Parent 2018					
Creditors and other payables	5,079	5,079	5,079	-	-
Related party loans	4,400	4,400	4,400	-	-
Total	9,479	9,479	9,479	-	-

There are no secured loans or derivative financial liabilities.

Notes to the Financial Statements
For the year ended 30 June 2019

Contractual maturity analysis of financial assets

The table below analyses the company and group's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount $'000	Contract-ual cash flows $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000
Group 2019						
Cash and cash equivalents	4,593	4,593	4,593	-	-	-
Trade and other receivables	4,505	4,505	4,505	-	-	-
Other financial assets						
-Term deposits	12,000	12,274	12,274	-	-	-
Total	**21,098**	**21,372**	**21,372**	**-**	**-**	**-**
Group 2018						
Cash and cash equivalents	7,373	7,373	7,373	-	-	-
Trade and other receivables	4,876	4,876	4,876	-	-	-
Other financial assets						
-Term deposits	13,000	13,287	13,287	-	-	-
Total	**25,249**	**25,536**	**25,536**	**-**	**-**	**-**
Parent 2019						
Cash and cash equivalents	233	233	233	-	-	-
Trade and other receivables	4,136	4,136	4,136	-	-	-
Other financial assets:						
- Related party loans (note 12)	2,220	2,220	2,220	-	-	-
Total	**6,589**	**6,589**	**6,589**	**-**	**-**	**-**
Parent 2018						
Cash and cash equivalents	406	406	406	-	-	-
Trade and other receivables	4,420	4,420	4,420	-	-	-
Other financial assets:						
- Related party loans (note 12)	2,275	2,275	2,275	-	-	-
Total	**7,101**	**7,101**	**7,101**	**-**	**-**	**-**

There are no derivative financial assets.

Sensitivity analysis

The group has no financial instruments with exposure to interest rate sensitivity at the balance date.

Notes to the Financial Statements
For the year ended 30 June 2019

27. Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of the equity ratio. This ratio is calculated as total equity divided by total assets. The group's strategy, as set out in the Statement of Intent for the 2019 year, is to endeavour to operate with a consolidated shareholders' funds to total assets of 61.4% during the 2018/2019 financial year.

The equity ratio achieved at 30 June 2019 is 56.2% (2018: 61.2%). As disclosed in Note 19 (Provisions), the closure and post-closure provision is reassessed periodically and, due to the long-term nature of the liability relating to the Kate Valley landfill, movements in estimated costs and discount rates can have a significant impact from year to year on the reported value. In particular, the discount rate applied as at 30 June 2019 has reduced significantly from 2.85% to 1.87%. The reassessment applicable to the 2019 year has resulted in an increase in the provision and the related asset of $7,991,000, which was not anticipated when the gearing ratio was calculated for the Statement of Intent. The effect on the gearing ratio from the reassessment is a reduction of 5.6%.

28. Events after the balance date

There were no significant events after the balance date.

Independent Auditor's Report

To the shareholders of Transwaste Canterbury Limited and group's financial statements and performance information for the year ended 30 June 2019

The Auditor-General is the auditor of Transwaste Canterbury Limited and group (the Group). The Auditor-General has appointed me, Dereck Ollsson, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Group, on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 15 to 61, that comprise the balance sheets as at 30 June 2019, the statements of comprehensive income, statements of changes in equity and cash flow statements for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and

- the performance information of the Group on pages 9 to 14.

In our opinion:

- the financial statements of the Group on pages 15 to 61:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2019; and
        - its financial performance and cash flows for the year then ended; and
    - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards; and

- the performance information of the Group on pages 9 to 14 presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2019.

Our audit was completed on 27 September 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Group.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of shareholders, taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 3 to 8, but does not include the financial statements and the performance information, and our auditor’s report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General’s Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners, issued by New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Group.

Dereck Ollsson
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand